

Message Text

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CINCPAC FOR POLAD

FOLLOWING SENT ACTION CANBERRA FROM SECSTATE APR 6

QUOTE

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E. O. 11652: GDS - DECLAS DEC. 31, 1980

TAGS: PFOR, MARR, PINR, AS

SUBJ: BULLETIN ARTICLE ON US BASES

REF: CANBERRA 1950

CANBERRA 1951

1. USG IS DISTRESSED BY SAMUELS ARTICLE BOTH BECAUSE IT PUTS GOA IN ROUGH POLITICAL BIND AND BECAUSE IT MIS-REPRESENTS ALMOST ENTIRELY WHAT WAS TOLD SAMUELS IN THE ONE INTERVIEW WE CAN IDENTIFY THAT HE HAD IN DOD.

2. OUR FIRST AWARENESS THAT THINGS HAD GONE AWRY CAME FROM REPRESENTATIONS MADE BY THE AUSTRALIAN EMASSY HERE ON MARCH 26. THE EMBASSY QUOTED FROM AN ARTICLE WRITTEN BY SAMUELS ATTRIBUTING CERTAIN STATEMENTS REGARDING PROSPEC-
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TIVE USG NEGOTIATING POSTURE TO A HIGH DOD OFFICIAL. WE BROUGHT THE SITUATION TO THE ATTENTION OF DEPUTY ASSISTANT SECRETARY DOOLIN IN OASD/ ISA WHO WAS BOTH SURPRISED AND IRATE BECAUSE HE HIMSELF HAD GIVEN AN INTERVIEW TO SAMUELS ACCOMPANIED BY ANOTHER AUSTRALIAN JOURNALIST, BUT HE HAD NOT SAID MOST OF THE THINGS ATTRIBUTED BY SAMUELS TO THE " DOD OFFICIAL." WE INFORMED THE AUSTRALIAN EMBASSY AT DOOLIN' S REQUEST OF WHAT HE HAD SAID ON THE POINTS IN QUESTION AS FOLLOWS: " ON WOOMERA

AND PINE GAP HE HAD REMARKED, WHEN ASKED HOW LONG THEY WOULD BE NEEDED, THAT THE CHANGING STATE OF THE ART MIGHT SOME DAY MAKE THEM UNNECESSARY, BUT THAT TIME WAS NOT FORESEEN. HE HAD ACKNOWLEDGED WE HAD BEEN SHOWN THE PASTITUTE CONCERNED WITH ENERGY MATTERS COULD BE ESTABLISHED IN THE COMMUNITY.

8. ALMOST A THIRD OF THE PAPER IS DEVOTED TO THE " MUTUAL OBLIGATIONS" OF THE COMMUNITY AND THE ENERGY-PRODUCING STATES. " THIS PERMANENT HARMONIZED ACTION, AN ESSENTIAL ELEMENT OF A COOPERATION POLICY, MUST TAKE PLACE IN A LEGAL FRAMEWORK, FOR WHICH THE MIXED COMMITTEES FORESEEN IN EARLIER AGREEMENTS WOULD UNDOUBTEDLY BE A MODEL." IN MIXED COMMITTEES, MEETING 1-2 TIMES A YEAR, ENERGY- EXPORTING COUNTRIES WOULD HAVE TO PROVIDE DATA ON THE STATUS OF POSSIBILITIES FOR DEVELOPING THEIR RESERVES, PARTICULARLY REGARDING ANY PROBLEMS RELATING TO THE FINANCING OF INVESTMENTS. THE EC WOULD INFORM THE EXPORTING COUNTRIES OF PROBABLE CHANGES IN ITS ENERGY POLICIES. " CODES OF BEHAVIOR" FOR JOINT VENTURE INVESTMENTS WOULD REQUIRE BOTH PARTIES TO MAKE PROMPT AND ADEQUATE COMPENSATION IN THE EVENT OF NATIONALIZATION, TO BRING DISPUTES ON COMPENSATION BEFORE AN IMPARTIAL PARTY, PERMIT FREE TRANSFER OF CAPITAL AND PROFIT, AND ALLOW FOREIGN MINORITY PARTICIPANTS AN EFFECTIVE VOICE ON MANAGEMENT. THE ENERGY- EXPORTING COUNTRIES WOULD 1) CONCERT THEIR EFFORTS WITH THE COMMUNITY, 2) GIVE PRIOR NOTICE OF PLANNED CHANGES IN THEIR TAX SYSTEM, AND 3) WITH REGARD TO THEIR NATIONALIZED OIL, WOULD CONCLUDE LONG-TERM SUPPLY CONTRACTS (10-20 YEARS) CONTAINING A SLIDING PRICE CLAUSE WITH THE COMMUNITY, THEREBY " CONTRIBUTING TO THE SECURITY OF SUPPLY FOR THE COMMUNITY" AND " PRODUCING GUARANTEED SALES FOR THE PRODUCING COUNTRIES." " IN RETURN FOR THE CONCESSIONS GRANTED BY THE COMMUNITY, THE ENERGY- EXPORTING COUNTRIES SHOULD BE INDUCED TO ACCORD A RIGHT OF PREFERENCE WITH REGARD TO SUPPLIES (THEY CONTROL) FOR THE COMPANIES RECOGNIZED BY THE COMMUNITY."

9. FINALLY, " TO AVOID DANGEROUS SPECULATIVE CAPITAL

MOVEMENTS, WHICH COULD DISTURB THE INTERNATIONAL
MONETARY EQUILIBRIUM, THE COMMUNITY SHOULD BRING IT
ABOUT THAT THE ENERGY- EXPORTING COUNTRIES INVEST THEIR
SURPLUS LIQUIDITY IN A FINANCIAL INSTITUTION OF THE
CONFIDENTIAL

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COMMUNITY. THIS CAPITAL, WHICH WOULD HAVE A FAVORABLE
YIELD, WOULD BE OFFERED AS LOANS TO DEVELOPING COUNTRIES
-- UNDER DUAL CONTROL OF THE COMMUNITY AND THE AFFECTED
COUNTRIES -- UNDER FAVORABLE CONDITIONS. THE
COMMUNITY WOULD COVER THE DIFFERENCE BETWEEN THE
INTEREST RATE FOR THE LENDER AND THE BORROWER AS A
CONTRIBUTION TO THE EXPECTATIONS PLACED IN IT BY THE
DEVELOPING COUNTRIES."

1 O. THE SECOND PAPER " RELATIONS OF THE COMMUNITY TO
THE ENERGY- IMPORTING COUNTRIES" SPEAKS IN GENERAL TERMS
OF THE NEED FOR COOPERATION AMONG CONSUMING STATES,
PARTICULARLY AMONG THE EC, US, AND JAPAN. N
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